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SIPDIS

DEPARTMENT FOR EUR/ERA AND EUR/NB

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SUBJECT: AMBASSADOR'S CONVERSATION WITH NEW EU REP KEMPPINEN

Classified By: Ambassador Earle I. Mack, for Reasons 1.4(B) and (D)

Summary and Comment

¶1. (C) Reijo Kemppinen, who until recently was European Commission spokesman, has been appointed the Commission's new Head of Representation in Finland. In his introductory conversation with the Ambassador, discussion covered a wide range of topics, from the President's and Secretary's February 22 meetings in Brussels, to next steps in the Middle East, to the EU's relations with Russia, to Kemppinen's assessment of Barroso's leadership and priorities.

¶2. (C) Over the past two years, the Commission's office in Finland has kept a rather low profile. For much of that time, Timo Pesonen -- who moved from then-PM Lipponen's staff to be Deputy Head of the Representation in early 2003 -- was acting Head as well. (Pesonen is now cabinet chief for Finnish EU Commissioner Rehn, in Brussels.) With the arrival of Kemppinen and new Deputy Head Paavo Makinen, the Representation's front office is now fully staffed. Kemppinen indicated clearly that he intends to make his staff a more active participant in Finland's official relationship with the EU than has been the case in the recent past. End Summary and Comment.

The February 22 Meetings and the Middle East

¶3. (SBU) Reijo Kemppinen and Paavo Makinen, new Head and Deputy Head of the European Commission's Representation in Finland respectively, paid an introductory call on the Ambassador on March 2. ECON and POL chiefs sat in as well. The conversation began with a discussion of the President's and Secretary's February 22 meetings with European Union leaders in Brussels. Kemppinen said that the visit had special symbolic significance in that President Bush was the first U.S. President to visit European institutions such as the Commission. There was also real substantive value to the visit, in bridging trans-Atlantic gaps. The Europeans particularly valued the opportunity to consult on next steps in the Middle East.

¶4. (C) The Ambassador said the U.S. strongly agrees on the importance of moving ahead in the Middle East Peace Process, and we are happy to see that the approach of spring has brought some very good signs in the region as a whole, including Iraq, Lebanon, and Egypt. We believe that the U.S. and European Union can cooperate on every level to help realize the President's vision of an Israeli state and a Palestinian state living side by side in harmony. We also hope the EU will look to other areas of the Middle East where people have risked their lives to advance the cause of democracy.

¶5. (C) Kemppinen said he hopes America understands the complexity of European foreign policymaking, and the reasons for that complexity. "The system often prevents us from deciding things clearly," he remarked, and member nations have long memories of their individual ties to the Middle East, which further complicate the process. The Ambassador replied that he understood, but that we should put the past behind us and look forward.

The European Union as a Work in Progress

¶6. (SBU) In discussing the EU and his own mission in Finland, Kemppinen said that the European Union continues to be a "project." The main building blocks -- the internal market, the euro, the free movement of persons -- are in place, but the EU has yet to become a genuine political union. European integration will continue to deepen in the years to come, but to do so the EU needs the competence that only the governments of member nations can grant. This the governments can do only if there is public acceptance. He therefore believes that an important part of the job of a Commission representative in a national capital is to generate more visibility for, and public trust in, the EU. The European Union is more sensitive to public opinion than ever before -- and publics see Union structures as complicated, far away from the people, and managed by

bureaucrats and politicians unknown outside their own borders.

17. (SBU) Kemppinen went on to say that in Finland he will seek to combat this perception in partnership with the GoF and with EU embassies, through networking, and by building different forms of cooperation. He wants, inter alia, to organize discussions of broad issues of Finland's relationship to the European Union, bringing together GoF officials, business figures, NGOs, and others.

Barroso a Pragmatic Leader Who Will Concentrate on

Economic Issues

18. (C) The Ambassador asked Kemppinen and Makinen for their assessment of the Barroso leadership. Kemppinen said that the Commission's new President has a very pragmatic style, and it is a promising sign that he was able to define his core objectives so rapidly. Barroso's main priorities will be economic stability, growth, and employment. "The other factors are window dressing." The path will not be easy, however. Many within the Union believe that a common currency and monetary policy won't be enough -- but the difference between what should be done and what can be done is formidable. For example, corporate taxation policy needs to be harmonized, but the British find the word "taxation" anathema, and instinctively believe that any sentence that combines that word with "harmonization" must be negative.

19. (C) The Ambassador noted that competitiveness is a major trans-Atlantic issue, and requires transparency and a level playing field. Kemppinen agreed but said that the same is true within the EU itself. Germany and France have been less than happy with the Commission in recent years, "and it all had to do with state subsidies." For that matter, the Finns have their own reason to feel aggrieved: the GoF scrapped subsidies to the shipbuilding industry on the understanding that, via multilateral agreements, other nations around the globe would follow suit -- but this never happened.

Finland's EU Presidency

110. (C) The Ambassador remarked that the Finns are already well into preparing for their July-December 2006 European Union presidency, and asked whether this will impact Luxembourg. Kemppinen said it seems that over the years the small nations have been successful in their presidencies, and the large ones not. For the Finns, much will depend on whether and how well Luxembourg succeeds, especially whether agreement is achieved by June 30 on financing for 2007-2013. If it is not, then the realities of national elections probably mean that the question will be postponed for a full year, and wind up on the Finns' plate.

111. (C) The Ambassador, noting that the Constitution Treaty is due to take effect during the Finnish presidency, asked how European Union foreign policy will change under the new structure. Kemppinen said there will be no "EU embassies" as such, but he expects a more unified foreign policy line. In most areas of foreign policy member nations will retain their national rights, and the consensus rule will remain. The new EU foreign minister's chief advantage will be the permanency of the office, coupled with his/her own powers of persuasion.

Finland, the EU, and Russia

112. (C) The Ambassador noted that Russian FM Lavrov had met with the EU Troika, and asked for Kemppinen's thoughts on the Russia-EU relationship. Kemppinen said there is no denying there has been a deterioration in relations in recent years, partly because of Putin's "regressive policies" and partly because of the difficulty over building the common spaces.

113. (C) Asked about Finland's own role in the European Union's relationship with Russia, Makinen remarked that the May 2004 enlargement brought in a number of new members "who know Russia much better than we do." Kemppinen added that these nations had "very acrimonious past relations" with Russia, leaving feelings that will not go away soon. On the other hand, there are new members who have had little or no relationship with Russia, either historic or commercial. Finland lies in the middle, and might serve as a model of how to live with this big neighbor. In the next decade, the European Union could expand to include the Balkans, Turkey, and even Ukraine, which will transform the relationship again.

114. (C) Kemppinen said, "I'm not convinced Finns ever were experts on Russian culture -- on the Soviet system of government, maybe, but not Russian culture." Makinen lamented that although the Finns have business ties with Russia, they are doing too little to build up the relationship in other areas, such as education. For example,

the lack of Russian language instruction in Finnish schools ultimately will be a handicap for Finland, he said.

Bio note

¶15. (U) Kemppinen, 47, is a journalist by profession, and has worked in Finland's print and electronic media, and as a director of television documentaries and commercials. Before joining the Finnish Foreign Ministry in 1992, he was EC correspondent for the "Uusi Suomi" newspaper. While at MFA he was spokesman for the Finnish EU presidency in 1999. He joined the European Commission in 2000, and served as deputy spokesman (2002-2003), then spokesman (2003-2004), for the Commission.

MACK